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SUBJECT: HUNGARY'S ELECTIONS: THAT'S ZALA, FOLKS
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Summary

¶1. (U) On a March 9 trip to Nagykanizsa, Zala County, most contacts described the local mood as tenuous and uncertain. With the election one month away, Embaffs visited this small city of 60,000 to meet with a range of local figures: a business executive, a representative from the Roma minority self government, an educator, a Lutheran pastor and a FIDESZ MP. This cable continues Embassy's pre-election coverage from the provinces in the run-up to the April contest. See also septel for a report from Somogy County, also in the country's southwest.

Background

¶2. (U) Zala County is not rich in votes: among Hungary's 8.1 million currently-registered voters, only 239,573 live here (2002 figure). Still, 2002 turnout was both robust and in keeping with the national average, with 70.74 percent of registered voters casting a ballot in the first round. A mere five of the country's 176 individual-constituency voting districts and five party-list constituencies are located in Zala County: Nagykanizsa, Zalaegerszeg, Keszthely on Lake Balaton, Lenti on the Slovene border, and Zalaszentgrot. (Note: In Hungary's election system, parliamentary candidates may run head-to-head against each other in individual constituencies; run on a party's county list, or on a party's national list. Together, the 176 individual constituencies, the 210 party-list constituencies in the counties and the 58 national party-list slots return 376 members to Hungary's rather oversized national parliament. In Zala County, there will be ten races.) In the 2002 parliamentary elections, MSZP candidate Istvan Gondor won in Nagykanizsa's individual constituency with 42.12 percent of the vote, besting joint FIDESZ-MDF candidate Peter Cseresnyes's 36.61 percent. (Even so, Cseresnyes entered Parliament on FIDESZ's county-wide party list.) Also in the 2002 race, SZDSZ polled at a healthy 10.09 percent, while the far-right Truth and Life Party (MIEP) received a respectable 7.88 percent. Of the county's ten parliamentary seats, FIDESZ won six (three individual constituencies and three party-list), aided by MDF's one (an individual constituency; and MSZP took three (the individual constituency in Nagykanizsa and two party-list slots). MSZP and SZDSZ also control the mayor's office and the city council in the sleepy county seat of Nagykanizsa.

13. (U) While the county's largest private-sector employer is General Electric Lighting Hungary, located next to the industrial park, DKG-East Oil and Gas Industry Equipment Manufactory is a sizeable employer in its own right -- and one with local roots. DKG commercial director Jozsef Bogar described the enterprise to Emboffs as healthy and forward-looking. The company now exports some 80 percent of its products, mainly to western Europe. Compared to socialist times, when the company employed about 1,800 workers, today it had jobs for 500 people: 350 blue-collar and 150 white-collar. The company tended to look elsewhere for engineers and managers with the requisite skills, said Bogar, while local institutes were largely able to meet DKG-East's needs for skilled labor -- although there was a need for more robust training in computer skills and foreign-languages. (Note: There is no university in Zala County. Only 45.9 percent of the local population has completed high school.) Within the last few days, Russian oil giant Gazprom had sold off its last remaining shares in the company as domestic investors picked up the shortfall.

14. (U) The commercial director expressed confidence in access to future contracts regardless of which party won in April. "Not many companies make what we make," he explained. Bogar saw future opportunities for both the company and the county in (1) the proposed extension of the M7 highway from its current terminus on the south shore of Lake Balaton to the Slovene border, (2) Hungary's possible future at the nexus of a pipeline system serving the Balkans, and possibly (3) the expansion of the local industrial park. On policy questions, the commercial director gave his personal opinion that FIDESZ's campaign promise to lower employer social-security

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contributions from 29 to 19 percent was not feasible, however convenient business might find it. Bogar added that, as an exporter, DKG benefited from a weaker forint. As for the future, our host was encouraging his own children's interest in banking and economics ("they can make money there"), along with foreign languages, although he could muster only forbearance for his youngest child's penchant for Latin.

Minority Report: Nagykanizsa's Roma

15. (U) Opportunities were fewer, however, for the Roma in Nagykanizsa, who form some seven percent or more of the population. Like the many other Roma minority self-governments (MSGs) nationwide, Nagykanizsa's faces an uphill battle in representing the community's interests. Nonetheless, this MSG is more effective than most. In the Office of the Prime Minister, State Secretary for Roma Affairs Laszlo Teleki is a favorite son to Nagykanizsa's Roma. Teleki retains his local position as MSG president, which helps to attract foreign investment and other support, according to MSG vice-president Mrs. Istvan Varadi. Varadi detailed for Emboffs a range of constructive joint programs with the city council, including (1) the use of educational materials on Roma concerns in local schools, and (2) MSG liaison work between the Roma community and local police. Mrs. Varadi also showed Emboffs a 2001 Dutch-sponsored study of several Hungarian Roma communities, which found that 61.3 percent of Nagykanizsa's Roma voted "regularly," and an additional 18 percent did so "occasionally." (Note: By comparison, across the five Roma communities surveyed, the average proportion of self-described regular voters was 52 percent. Popular belief has it that Roma generally do not vote, although the study cites local notary records that confirm otherwise.) Today, Varadi described the key concerns of Roma in Nagykanizsa as educational access and low wages, adding that the Roma's situation in her locality is better than it is nationally. (Note: City-wide, 93.2 percent of

Nagykanizsa residents have completed eight grades of schooling; among Roma, the figure is 44.2 percent. With lower skills come lower wages.) Segregation remains a reality, said Varadi, the result of both new housing programs for the poor and the legacy of the 1970s and 1980s. When asked whether politicians were courting the Roma vote in the current campaign, the vice-president replied somewhat dismissively, "oh yes, they come around every four years." (Comment: Such a profile suggests that Nagykanizsa's Roma voters will focus exclusively on local concerns at the ballot box.)

A Voice from the Right: Values, Emotions

¶6. (U) A meeting with Laszlo Balogh, vice-principal of the Lajos Batthyany Gymnasium, turned unexpectedly into a discussion of the dual-citizenship issue. (Note: Having supported the December 2004 dual-citizenship referendum, FIDESZ has quietly moved Trianon legacy issues to the back burner.) Born in Uzhgorod --once in Hungary, then Czechoslovakia, then Hungary again and today in Ukraine-- Balogh recalled his initial sense of inferiority as a Hungarian from abroad, although he was now "proud" to be a Nagykanizsan. Among colleagues and friends, he stated that he felt it "out of place" to raise the issue of Hungarians abroad, and found locals unreceptive to the topic. "People care more about what kind of car they drive," he sighed. "There's no theater here" or other cultural scene. (Comment: Balogh's experience seems to confirm that legacy issues retain little relevance for most voters.) Even so, Balogh expressed dissatisfaction with the current government's "national visa" for ethnic Hungarians, introduced in January ¶2006. (Note: Technically, the national visa is for those interested in Hungarian culture.) Instead, he insisted, the only way to embrace the wider ethnic Hungarian community was through some form of dual "citizenship," although such citizenship need not involve voting or paying taxes.

¶7. (U) Asked what issues did concern families in Nagykanizsa, Balogh pointed to "unemployment." When Emboffs noted that the official local unemployment rate of 6.52 percent (October 2005 figure) was below the national average and compared favorably with rates in neighboring countries, our host described the sense of "uncertainty" that had persisted since the closures of the local glass and furniture factories, with the local industrial park opening only around 2000. As an educator and a supporter of the right, Balogh repeatedly expressed his dislike for SZDSZ Education Minister Balint

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Magyar, arguing that a "five-percent" party should not be made responsible for the education of "100 percent" of citizens. At the meeting's close, he identified himself as a Calvinist and a supporter of the Gideon Society. (Comment: Balogh's argumentation --on dual citizenship, unemployment, and the liberal SZDSZ party-- is visceral rather than rationalist. As post has reported previously, FIDESZ-allied KDNP has vigorously attacked SZDSZ on "values" issues.)

Cleric: A Dwindling Flock

¶8. (U) Lutheran pastors David Deme and Katalin Deme-Smideliusz, a married couple, represent the modest parish of Nagykanizsa-Szepetneki. Its members tend to be older, there are few baptisms, and the congregation is steadily dwindling. The pair characterized Nagykanizsa's economic transition as "slower" and less dramatic than Budapest's. As advertisements fed "desire" under the new economic order, said Deme, pocketbooks could not keep pace. People were burdened by a sense of "uncertainty," he added, stemming from the issues of job security and low pay. (Note: According to official figures, average monthly wages for

Zala County's manual laborers and white-collar workers are HUF 93,329 (USD 444) and HUF 177,217 (USD 844), respectively. These figures do not include unreported income.) Yet the situation today is "much better" than in the 1950s, he emphasized. (Note: A hardline Stalinist, Hungarian communist prime minister Matyas Rakosi brought heavy industrialization, show trials and political repression to Hungary in the 1950s.) "People's way of thinking can't change in 10 or 15 years," he continued. It will require "at least" one or two generations for people to be "more open to each other." Asked about Nagykanizsa's Roma community, however, Deme eschewed discrimination but argued that Roma should at least keep their houses in order. They needed to learn skills such as languages, and apply themselves in school, he added. He allowed that churches could contribute to the Roma's social integration by staging "conferences." For Zala overall, the way forward, said Deme, lay through greater regional cooperation. Deme-Smideliusz candidly expressed her support for FIDESZ as the party that best represented her values, and she actively admonished others to vote accordingly. She added that the local FIDESZ party organization had sought her husband's support in a previous campaign, but he had declined.

FIDESZ MP Sees Insecurity Locally, Nationally, Bilaterally

¶9. (SBU) Local FIDESZ MP Peter Cseresnyes, who doubles as the head of the minority FIDESZ-MDF-MKDSZ faction on the city council, also pointed to "unemployment" as an important voter concern in Zala County, adding that take-home pay was low and past job losses had led to "nervousness" among workers. Like DKG-East commercial director Laszlo Bogar (see paragraphs 3 and 4 above), saw the situation as unfavorable for small- and medium-sized enterprises (SMEs). He expressed regret over the FIDESZ-MDF split on the national level, saying he thought it "unnatural," given that MDF was also a right-wing party. There was no such split on the local level, he told Emboffs. He categorically excluded any possibility of cooperation with either MIEP or Jobbik, both far-right parties. On foreign policy, Cseresnyes described himself to Emboffs as pro-U.S., although "others" in the party were less so. The U.S. was a close ally, he explained, and while it was a key FIDESZ position to support that alliance, "Hungarian interests should also be upheld, and we hope the U.S. can accept that." The U.S. "listened to the wrong people sometimes" in its consultations with Hungary, he charged, and "misunderstandings" had resulted from "business deals." (Comment: Cseresnyes appears to be referring to then-PM Orban's 2001 decision to lease Gripen fighters.) (Note: Cseresnyes is a first-time MP in the current Parliament, serving as a rank-and-file member of the Youth and Sports Committee. As an MP, he has also turned his attention to the problem of drug use.)

Comment

¶10. (SBU) The prevailing malaise in Zala County is probably most characteristic of Hungary's older workers displaced by factory closures. Low rates of secondary education, combined with systemic factors such as the regulatory regime, labor practices, undercapitalization for SMEs, and other, mutually

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intensifying problems may also contribute to that mood. Whatever local and national statistics say, "unemployment" will be a concern in this election, as confirmed by a recent Eurobarometer poll. As elsewhere in Hungary and the region, most citizens are wary of polarized discussions on politics, partly a legacy of communism. Although a recent Tarki study found that most Hungarians were, in fact, living better than four years ago, prosperity is still around the corner from most in insular Nagykanizsa.

11. (U) Visit U.S. Embassy Budapest's classified website:
www.state.sgov.gov/p/eur/budapest/index.cfm
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